

TO: Subcabinet Officials
Agency Heads

FROM: Anne F. Thomson Reed
Chief Information Officer

SUBJECT: Codification of the Department of Agriculture Information
Technology Moratorium

Recent actions by both Congress and the Office of Management and Budget (OMB) have given greater significance to compliance with the Department of Agriculture (USDA) Information Technology (IT) moratorium and require some changes to the moratorium guidance.

On October 10, 1997, the President signed the Treasury-Postal Appropriation (Public Law 105-61), which codified the policy that Federal agencies will not buy information technology unless it is Year 2000 compliant as defined in the Federal Acquisition Regulation. This requirement is mandatory unless a specific exception is made by a federal agency Chief Information Officer (CIO). On November 18, 1997, the President signed the Appropriation Act for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for Fiscal Year (FY) 1998 (Public Law 105-86). This action codified the USDA moratorium by requiring that none of the funds made available to the Department of Agriculture by this Act be used to acquire new information technology systems or significant upgrades, as determined by the Office of the CIO, without the approval of the CIO and the concurrence of the Executive Information Technology Investment Review Board (EITIRB) (Section 726, Public Law 105-86). If a USDA agency does not follow these codified restrictions on acquiring IT and obtain these approvals, it is a violation of the law.

In USDA's FY 1999 Final OMB Allowance for the Office of the Chief Information Officer dated December 23, 1997, OMB states that it "intends to apportion FY 1998 and FY 1999 capital procurement funds, in conformance with the Department's moratorium, to ensure that only emergency procurements are made while Year 2000 renovations remain incomplete." Also in the FY 1999 Final Allowance, OMB indicates it "continues to support the CIO's moratorium and encourages strong enforcement. OMB requests a quarterly report on any proposed procurement . . . which is rejected by the CIO as part of the moratorium process."

Based on these actions by Congress and OMB concerning the acquisition of IT throughout the Federal Government as well as USDA, we will continue to grant waivers to the moratorium only to support Year 2000 compliance and for emergencies. In

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addition, waivers to the IT moratorium will be considered only if the acquisition was included in the FY 1998 and 1999 budget request approved by the EITIRB. Otherwise, the EITIRB must approve the acquisition. I have revised the implementing guidance to reflect the need for approval from the EITIRB for waiver requests if the acquisition was not included in the FY 1998 and FY 1999 budget request approved by the EITIRB. A copy of the new instruction is attached. To support OMB's requirement of strong enforcement of the moratorium, my staff will be conducting random checks of contract files of USDA agencies and requests your support in this effort.

We appreciate your continued support of the IT moratorium which allows USDA to concentrate its resources on addressing the Year 2000 problem successfully. I will issue revisions to the attached instructions as necessary to reflect changes to USDA's acquisition of IT.

Attachment

Revision to Implementation of the Information Technology Acquisition Moratorium as of January 21, 1998

This attachment describes the procedures that USDA agencies must follow during the Information Technology (IT) moratorium and replaces any guidance issued previously. These instructions will remain in effect until further notification.

IT Acquisitions Covered by the Moratorium

This moratorium applies to all IT acquisitions over \$25,000, including orders against all existing contracts and General Services Administration schedules, except for the following:

1. Renewals of existing contracts for mission-critical maintenance and leases, if optional enhancements and/or upgrades which cost in excess of \$25,000 are not involved; and
2. IT acquisitions by organizations other than USDA agencies that are funded by USDA grants.

The Chief Information Officer (CIO) has implemented Phase I of the Telecommunications Network Stabilization and Migration Program, which required agencies to have Telecommunications Plans approved by the CIO and receive telecommunications training.

If the CIO has determined that an agency has met the requirements of Phase I as described in the Telecommunications Network Stabilization and Migration Program (TNSMP) document dated April 1997, the moratorium will apply only to all IT acquisitions over \$25,000 excluding the two exemptions listed above. If the CIO has determined that an agency has not met the requirements described in the TNSMP document dated April 1997, the moratorium will apply to that agency's acquisition of dedicated circuits, switches and routers, regardless of dollar value, as well as all IT acquisitions over \$25,000 excluding the two exemptions listed above.

Mission Area Responsibilities

Under and Assistant Secretaries and Departmental Staff Officers are responsible for determining whether an IT acquisition is mission-critical and should be sensitive to meeting the eight criteria for managing major information systems per Office of Management and Budget memorandum 97-02. Under and Assistant Secretaries must also ensure that IT acquisitions are made as described in the FY 1998 and FY 1999 budget request approved by the Executive Information Technology Investment Review Board (EITIRB). Otherwise, a waiver approved by the CIO and EITIRB is required.

Agencies shall establish and implement written procedures to assure compliance with the

moratorium, including:

- ensuring the spirit of the moratorium is observed for acquisitions below \$25,000;
- ensuring requirements are not split in order to circumvent the \$25,000 threshold;
- establishing appropriate internal control mechanisms to ensure contracting activities process only actions specifically excluded from the moratorium or those for which a waiver has been approved; and
- ensuring that these requirements are known at all levels within an agency, including field locations.

Except for significant IT acquisitions specifically excluded from the moratorium by this memorandum, no agency may award a contract/order for a significant IT acquisition until a waiver issued by the CIO is received.

Waiver Requests

Waivers to the moratorium will be granted **only** for emergencies and for acquisitions that are directly related to ensuring Year 2000 compliance. Designation of an IT emergency will be determined only by the CIO.

Agencies desiring a waiver to the moratorium should submit a request for a waiver for IT acquisitions from the Assistant or Under Secretary or Departmental Staff Officer to the CIO. Any waiver requests from the Service Center agencies (Natural Resources Conservation Service, Farm Service Agency, or Rural Development) must be submitted to the CIO from the Agency Administrators for each of the three Service Center agencies and include documentation that the waiver request was approved through the Clearinghouse Review Process for the Service Center agencies. To expedite reviews of waiver requests for telecommunications equipment covered by this moratorium, the agency Senior Information Resources Management Official or CIO may submit telecommunications technical requirements in advance to the CIO.

The waiver request must be in decision memorandum format and contain the following information:

- a description of the planned acquisition, including technical documentation such as the requirements analysis and Statement of Work;
- the dollar amount and the Standard Industrial Classification (SIC) Codes of the acquisition;

- the source of funding (no year or annual appropriation);
- copy of the FY 1998 or FY 1999 budget item approved by EITIRB; and
- the impact on program delivery if the acquisition is not allowed to proceed.

Review of Waiver Requests

At its discretion, the OCIO will request a technical review of waiver requests from the members of the Information Resources Management Council. For waivers concerning financial and mixed systems, the OCIO will consult with the Office of the Chief Financial Officer. For waivers involving administrative systems, the OCIO will consult with the Assistant Secretary for Administration. Waiver requests that were not part of the FY 1998 and FY 1999 budget request approved by the EITIRB will be submitted to the EITIRB for approval.

The OCIO will also carefully consider the impact on program delivery when reviewing a waiver request. Agencies must make a strong case for meeting program needs. Waivers will only be granted for IT resources that an agency cannot do without to meet a critical program need.

The OCIO will act on waiver requests in writing within ten working days and prioritize and expedite waiver requests to meet agency requirements. The OCIO will issue revisions to the procedures described in this memorandum as necessary to ensure that the goals of this moratorium are met.